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SUBJECT: INDIA INC. ENDORSES MODI, BJP ANXIOUS

REF: NEW DELHI 00109

11. (SBU) Summary: At a global investor conference in Gujarat on January 13, India's "captains of industry" -- Anil Ambani, Sunil Mittal, Ratan Tata, Mukesh Ambani and K.V. Kamath -- heaped lavish praise on Chief Minister Narendra Modi for developing Gujarat as one of the nation's leading business and development hubs. Anil Advani and Mittal announced that Modi would make an excellent prime minister. Not normally known for openly endorsing political candidates, they helped boost the national profile of Modi, a polarizing figure for his role in the 2002 Gujarat communal riots. While Modi has denied national aims for the moment, the Modi headlines pose some problems for the BJP by keeping alive stories of factionalism and petty infighting within the party in the run-up to the Lok Sabha polls due by April-May this year. END SUMMARY.

Modi is Ready for Prime Time, says India Inc

12. (U) Five of India's most powerful business leaders made headlines last week at an international investment conference in Gujarat when they sounded an unequivocal and unqualified endorsement of Chief Minister Narendra Modi. Anil Ambani, Sunil Mittal, Ratan Tata, Mukesh Ambani and K.V. Kamath -- the cream of India's big business -- praised Modi's skillful leadership that has steered the state into becoming one of the nation's leading industrial hubs. They attributed Gujarat's healthy business climate to Modi's dynamism and his insistence on good governance. They called for Modi's model of development to be replicated throughout India.

13. (U) Chairman of Reliance-ADAG Anil Ambani and Bharti telecom and retail magnate Sunil Mittal went further by projecting Modi as a future prime minister. Ambani said that Modi should be "the next leader of the country." Mittal asserted "all" business sectors have seen signs of progress under Modi's leadership. "Now imagine what will happen if he leads the nation," Mittal added. The others went only so far as to lavish praise on Modi for fostering good governance and a conducive investment climate. Ratan Tata proclaimed that Modi had given the Nano car factory a safe haven "in record time" after political protests in West Bengal forced the plant to relocate in October 2008. "I listened to my own advice that 'if you are not in Gujarat, you are stupid.'"

Perhaps I am not stupid any longer," Tata added. Noting that Gujarat is growing at 12 percent, ICICI bank chairman Kamath observed that "Modi made it happen. This should be replicated everywhere."

BJP Underplays Modi Praise

¶4. (SBU) The unusual public support from the business community caused some heartburn for the BJP which fears that such a spotlight on Modi necessarily diminishes the image of their chosen prime ministerial candidate, 81-year old L.K. Advani. BJP spokesmen attempted to play down the endorsements noting that chief ministers receive "political guidance and inspirations" from central leadership. One spokesman added that prime ministers are elected through democratic means, not through the support of business leaders. Modi, who has always been scrupulously respectful and deferential to Advani, denied that he was in the race for the Prime Minister's post and reiterated that "Mr. Advani is our leader and the BJP will win the national elections under his leadership." He accused Congress Party leaders of creating the controversy to shift the focus away from Gujarat's economic achievements.

Congress Jumps

¶5. (U) Gearing up for national elections, Congress Party operatives took the opportunity to further consolidate the

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party's vote bank, particularly among strategic Muslim constituencies, by reminding the electorate about the Modi government's complicity in the 2002 Gujarat riots. Congress spokesman Manish Tewari expressed surprise that corporate leaders have endorsed Modi, pointing to his "abysmal" civil rights and governance record. "The last time when such fatal attraction reached fruition with fascist forces the world had to pay a heavy price," Tiwari mentioned in reference to the cozying up of German industrialists to Hitler in the 1930s. BJP-leaning commentator Swapna Dasgupta responded that Tiwari, by invoking business support for Hitler in the 1930s, had unintentionally likened his own UPA government to the weak and feckless Weimar Republic.

Comment: Modi's Star Continues to Shine

¶6. (SBU) The full-throated endorsement of Modi by five top Indian businessmen of India is highly unusual because Indian big business houses rarely align so publicly with one party or individual for fear of retribution. Smart big business generally maintains linkages with all major political parties and donates agnostically to cover all bases. Clearly these business leaders felt strongly enough to bend their own rules for someone who is a rising star in the BJP. For Modi, it represents yet another important feather in his cap as he seeks to soften his hard-edged image. We should also note that the endorsement last week was for Modi as an individual and not for the BJP as a party. The endorsement may also reflect an electoral trend that may slowly be emerging in India -- that voter preferences are shaped increasingly by good governance and development credentials of the political leaders rather than the caste and other divisive social issues that figured prominently in previous elections.

Comment: Yet Another Distraction for the BJP

¶7. (SBU) The Modi headlines cause two election season problems for the BJP. First they propel once again into the headlines the BJP's Hindutva past because Modi is forever linked to the 2002 Gujarat anti-Muslim communal riots in which over 1000 people were killed. Second, coming on the heels of former Vice President and BJP stalwart Bhairon Singh

Shekhawat's attacks on the BJP leadership (ref A), the Modi vs. Advani story continues to suggest factionalism and petty infighting within the BJP and puncture the image of a center-driven, disciplined political machine that party leaders would like to project. END COMMENT.
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